

TEACHERS' RETIREMENT BOARD

REGULAR MEETING

SUBJECT: Cash Balance Benefit Program Update

ITEM NUMBER: 12

ATTACHMENT(S): 0

ACTION:

MEETING DATE: August 5, 1999

INFORMATION: X

PRESENTER: Mr. Lujano

SUMMARY

As of July 17, 1999, Cash Balance (CB) Benefit Program participating employers are reporting a total of 6,370 participants and the Program has received almost \$4.7 million in contributions. Staff continue to work diligently with all employers to get the remainder of their 1998-99 FY service reported in preparation for year-end closing, the CB Benefit Program annual update process, and the distribution of annual Statements of Account. Because participant account information and contributions have yet to be received from at least three employers, the final numbers for the 1998-99 FY will be larger than those noted above.

The Foothill-De Anza Community College District in Santa Clara County is still in the process of conducting their 60 day election. The Mira Costa Community College District in San Diego County presented a Resolution to provide the CB Benefit Program to their Board on July 20, 1999 with a proposed effective date of August 1, 1999. They will be terminating their current alternative retirement program and offering their adjunct faculty the CalSTRS DB and CB Benefit programs exclusively. It is anticipated that the majority of their certificated staff will rollover their Mira Costa retirement accounts into the CalSTRS CB Benefit Program.

Staff traveled to the Los Angeles Community College District on July 15, 1999 to address the district's bargaining team. This is the first instance where an employer invited two alternative retirement programs to speak within one forum on the design of their programs. Teachers' Retirement Board member, Lillian Raffel, attended the meeting in support of the CalSTRS CB Benefit Program.

Staff will be conducting four employee workshops in August: two for a unified school district and two for a community college district. Five employee workshops are already scheduled for September: three for unified school district employees and two at the community college level. In addition, staff will travel to a Northern California high school district in the middle of August to present the benefits of the CalSTRS CB Benefit Program to an interested employer.

PROGRAM GROWTH

The table below represents the CB Benefit Program growth for the last quarter including the percentage of change from the previous month.

| | April 30, 1999 | % of Change | May 31, 1999 | % of Change | June 30, 1999 | % of Change |
|--------------------------------------|---------------------------|------------------------|-------------------------|------------------------|--------------------------|------------------------|
| Participants | 5,608 | + 3.3% | 5,750 | + 2.5% | 6,173 | + 7.4% |
| Employers Actively Reporting | 16 | + 6.7% | 17 | + 6.3% | 17 | None |
| Participating Counties | 11 | +10.0% | 11 | None | 11 | None |
| Total Contributions Received* | \$3,846,000 | + 9.4% | \$4,133,000 | +9.4%. | \$4,584,000 | +10.9%. |
| Net Asset Value* | \$4,483,000 | + 4.9% | Unavailable | | Unavailable | |

*Amounts rounded to the nearest thousand dollars.

PARTICIPATING EMPLOYERS

The following is a list of the 19 employers offering the CB Benefit Program to their part-time, substitute and adjunct faculty: 26% are K-12 districts and 74% are community college districts.

| COUNTY | K-12 SCHOOL DISTRICTS | COMMUNITY COLLEGE DISTRICTS |
|----------------------|------------------------------|------------------------------------|
| Alameda | Berkeley Unified | Chabot-Las Positas |
| | | Fremont-Newark |
| | | Peralta |
| Contra Costa | West Contra Costa Unified | Contra Costa |
| Los Angeles | | Antelope Valley |
| | | El Camino |
| | | Glendale |
| Sacramento | Robla Elementary | |
| San Diego | Grossmont Union High | |
| Santa Clara | | San Jose-Evergreen |
| | | Foothill-De Anza* |
| Solano | | Solano |
| Sonoma | Montgomery Elementary | Sonoma County |
| Ventura | | Ventura County |
| Yuba | | Yuba |
| San Francisco | | San Francisco |

*Employers currently in the implementation or election phase.

RATE OF RETURN ON INVESTMENTS**(Aggregate – TC11 and TC64)**

The long-term rate of return on CB Benefit Program funds has held its investment value even through the continued fluctuating market. The following table shows the various rates of return on investments for the Program.

| Period of Time | Rate of Investment Return |
|--|----------------------------------|
| 1 month (5/1/99 – 5/31/99) | -2.17 |
| FYTD (7/1/98 - 5/31/99) | 12.34 |
| 1 year (6/1/98 -5/31/99) | 16.30 |
| Since Program Inception (2/1/97 – 5/31/99) | 21.04 |

BENEFIT APPLICATIONS

As of July 17, 1999, the CB Benefit Program has received a total of 26 benefit applications: 12 retirement applications, 12 termination applications, and 2 death benefit applications. Of those 26 applications, 21 have been paid, 2 are awaiting final contribution information, and 3 are not eligible for payment at this time due to incomplete applications or the one-year waiting period for termination benefits. The following tables represent the individual breakdown of benefit applications.

Applications Received

| | Apr 99 | May 99 | Jun 99 | Jul 99 | FYTD Total |
|--------------------|---------------|---------------|---------------|---------------|-------------------|
| Retirement | 1 | 0 | 1 | 0 | 12 |
| Termination | 1 | 1 | 2 | 0 | 12 |
| Death | 0 | 0 | 0 | 0 | 2 |
| Disability | 0 | 0 | 0 | 0 | 0 |
| Totals | 2 | 1 | 3 | 0 | 26 |

Completed Applications Ready for Payment

| | Mar 99 | Apr 99 | May 99 | Jun 99 | FYTD Total |
|--------------------|---------------|---------------|---------------|---------------|-------------------|
| Retirement | 3 | 1 | 0 | 1 | 12 |
| Termination | 0 | 0 | 2 | 1 | 9 |
| Death | 0 | 0 | 0 | 0 | 2 |
| Disability | 0 | 0 | 0 | 0 | 0 |
| Totals | 3 | 1 | 2 | 2 | 23 |

Benefits Paid

| | Mar 99 | Apr 99 | May 99 | Jun 99 | FYTD Total |
|--------------------|---------------|---------------|---------------|---------------|-------------------|
| Retirement | 5 | 3 | 1 | 0 | 11 |
| Termination | 6 | 0 | 2 | 0 | 8 |
| Death | 2 | 0 | 0 | 0 | 2 |
| Disability | 0 | 0 | 0 | 0 | 0 |
| Totals | 13 | 3 | 3 | 0 | 21 |